

AN ACT TO INVIGORATE THE COUNTRY'S EXPORT TRADE AS A MEANS OF ACCELERATING ECONOMIC GROWTH BY GRANTING CERTAIN INCENTIVES AND EXEMPTIONS TO REGISTERED EXPORT PRODUCERS, EXPORT T...

REPUBLIC ACT NO. 6135, August 31, 1970

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short title.-This Act shall be known and Cited as the "Export Incentives Act of 1970."

SEC. 2. Declaration of policy.-It is the policy of the State to actively encourage, promote, and diversify exports of services and of manufactures utilizing domestic raw materials to the fullest extent possible, and to develop new markets for Philippine products, in order to attain a rising level of production and employment, increase foreign exchange earnings, hasten the economic development of the nation, and assure that the benefits of development accrue to the Filipino people.

SEC. 3. Definition of terms.-For purposes of this Act:

- "Board of Investments" or simply "Board" shall mean the Board of Investments created by Republic Act Numbered Fifty-one hundred eighty-six, known as the investment Incentives Act.

- "Registered export producer" shall mean any person, partnership or other entity organized and existing under Philippine laws, (1) registered the with Board in accordance with this Act, (2) engaged or proposing to engage in the manufacture or processing of export products as hereinbelow defined, and (3) direct exporting its export products, or selling them (a) to a registered export trader that subsequently exports the said products, or (b) to other export producers who utilize said products as direct inputs in products subsequently manufactured or processed by them and thereafter and ported.

- "Registered export trader" shall mean any person, corporation, partnership or other entity organized and existing under Philippine laws, (1) registered with, the Board in accordance with this Act and (2) which derived at least fifty per cent (50%) of its gross income for the year in which the incentives are claimed, from the sale abroad of export products bought by it from two or more registered export producers which are not owned, controlled, or managed by the same portion or entity or group of persons or entities: Provided, That, if the export trader is itself owned, controlled or managed by person or entity, or a group of persons or entities that also own, control or manage another enterprise engaged in manufacturing or processing products that are not export products or in buying and selling goods within the Philippines, the percentage of export sales shall be based upon the combined or consolidated gross income of the export track and said other enterprise.

- "Registered service exporter" shall mean a person, corporation, partnership or other entity organized and existing under Philippine laws, (1) registered with the Board in accordance with this Act and (2) engaged or proposing to engage in (a) rendering technical, professional other services which are paid for in foreign currency, including, but not limited to, the fields of law, medicine, accounting, management, valuation and appraisals, engineering,

construction, geodetics, surveying, teaching, pharmacy, nursing, cultural presentations or promotions, works of arts, and entertainment; or (b) in exporting and television and motion pictures and musical recordings produced in the Philippines, either directly or through a registered export trader.

- "Export products" shall mean manufactured or processed products: (1) not more than eighty per cent (80%) whose individual F.O.B. Philippine port value is attributable to imported raw materials, but said maximum percentage may, after three (3) years from the enactment of this Act, progressively be decreased by the Board if Investments at such annual rate as may be warranted by technological advancement, the availability of domestic raw materials, and similar factors; (2) the total F.O.B. Philippine port value of the exports of which did not exceed five million dollars in United States currency in the calendar year 1968; and (3) which meet standards of quality set by the Bureau of Standards or, in default of such standards, by the Board or by such public or private organization, chamber, group or body as the Board may designate.

- "Export sales" shall mean the Philippine port F.O.B. value, determined from invoices, bills of lading, inward letters of credit, landing certificates and other commercial documents, of export products exported directly by registered export producer or registered export trader, or the net selling price of export products sold by a registered export producer to a registered export trader who subsequently exports the same; but sales of export products to a registered export trader shall only be deemed export sales when actually exported by the latter as evidenced by landing certificates or similar commercial documents. Exportation of goods on consignment shall not be export sales until the export products consigned are actually sold by the consignee.

- "Export fees" shall mean the total foreign exchange charges charged or received by a registered service exporter for furnishing or performing services, or permitting showing or playing, outside of the Philippines, of television or motion pictures or musical recordings.

- "Production cost" shall mean the total of the cost of direct labor, raw materials, and manufacturing overhead, determined in accordance with generally accepted accounting principles, which are incurred in manufacture or processing the products of a registered export producer.

- "Processing" shall mean converting raw materials into marketable form by a special treatment or a series of actions that results in a change of the nature or state of the products, such as by slaughtering, milling, pasteurizing, drying or desiccating, quick freezing, and the like. Merely packing, packaging, or sorting out and classifying shall not, by themselves, constitute processing.

SEC. 4. Export priorities plan.-Within one hundred twenty days after this Act takes effect, and annually thereafter as part of the annual investment priorities plan provided in Section 18 of Republic Act Numbered Fifty-one hundred eighty-six, known as the Investment Incentives Act, the Board shall submit to the President, through the National Economic Council, an export priorities plan setting forth the export products that should be encouraged with priority, considering:

- The comparative advantage they enjoy or could be made to enjoy;
- Their potential for earning foreign exchange; and
- Their profitability to the national economy.

The export priorities plan shall be acted upon and take effect, and may be amended, following the procedure for and with like effect as, the said investment priorities plan.

SEC. 5. Incentives for investors.-In addition to the basic rights and guaranties set forth in Section 4 of Republic Act Numbered Fifty-one hundred eighty-six, known as the Investment Incentives Act, investors in enterprise that

are registered as export producers, export traders or service exporters shall enjoy the incentives set in Section 5 of that Act; and Philippine nationals investing in registered export producers that are pioneer enterprises shall also enjoy the incentives set forth in Sec 6 of said Act.

SEC. 6. Conditions for availment of incentives.-

- No export producer, service exporter or export trader shall be entitled to any incentive under this Act until its registration shall have been approved by the Board, which approval shall retroact to the date of filing of the application for registration.

- To be entitled to registration, an applicant must satisfy the Board that (1) he is a citizen of the Philippines, in case the applicant is a natural person; or that at least sixty per cent of its capital is owned and controlled by citizens of the Philippines, in case the applicant is a corporation, partnership or other entity; (2) that it is engaged or proposes to engage in manufacturing, processing or exporting export products listed in the export priorities plan or if not so listed, that at least fifty per cent of its sales are export sales; or in case of a service exporter, that it is engaged or proposes to engage in rendering services payable in foreign currency, or in exporting television or motion pictures or musical recordings produced or made in the Philippines; (3) that it is not engaged and will not engage in any of the activities reserved by the Constitution or the laws of the Philippines to Filipino citizens or corporations owned and controlled by Filipino citizens, unless and until the applicant fulfill the requirements of the Constitution or said laws; and (4) that if the applicant is engaged or proposes to engage in activities other than the manufacture, processing and exportation of export products, or in rendering services other than export services, it has installed undertakes to install an adequate accounting system segregate the investments, revenues, sales, receipts, charges, payrolls, costs, expenses, and profits and losses export operations from those of its domestic operations; Provided, That in the case of a pioneer enterprise registered or that may hereafter be registered under public Act Numbered Fifty-one hundred eighty-six, the nationality requirement shall be in accordance with Sec 19 of the said Act instead of Section 6 (b) of this Act: Provided, further, That upon receipt of the application for registration, the Board shall, within thirty days, notify the applicant of all pertinent requirements not complied with: And provided., finally, That the Board of Investments shall act on said application within ninety days after submission thereof.

- A citizen of the Philippines or a corporation, partnership or other entity organized and existing under Philippine laws, at least seventy per cent (70%) of the capital of which is owned and controlled by citizens of the Philippines, shall also be entitled to registration as an export trader and to enjoy the benefits and incentives for registered export traders under this Act, except exemption from export tax, if it is engaged or proposes to engage in the exportation of export products the total F.O.B. Philippine port value of the exports of which exceeded five million dollars in United States currency in the calendar year 1968: Provided, That; (a) the business of exportation of the said product, at the time the application for registration is filed, is substantially in the hands of persons that are not citizens of the Philippines or entities that are not owned and controlled by citizens of the Philippines; and (b) the applicant fulfills the other requirements, not inconsistent with those set forth in this paragraph, that are set forth in the preceding paragraph and in paragraphs (c) and (e) of Section 3 of this Act.

SEC. 7. Incentives to registered, export producers.-Registered export producers unless they already enjoy the same privileges under other laws shall be entitled to the incentives set forth in paragraphs (h), (i) of Section 7 of Republic Act Numbered Fifty-one hundred eighty-six, known as the Investment Incentives Act; and registered export producers that are pioneer enterprises shall be entitled also to the incentives set forth in paragraphs (a), (6) and (c) of section 8 the said Act. In addition to the said incentives, and in lieu of other incentives provided in Section 7 and in Section 9 of that Act, registered export producers shall be entitled to benefits and incentives as enumerated hereunder:

- Tax credit.-Every registered export producer shall enjoy, for a period of ten (10) years from its registration a tax credit equivalent to the sales, compensating and specific taxes and duties on the supplies, raw materials and semi-manufactured products used in the manufacture, processing or production of its export products and forming part thereof, whether exported directly by the registered export producer or sold to another port producer, which uses such sold product as a direct input in export products manufactured or processed by it and subsequently exported, or to a registered export trader: Provided, That the tax credit shall accrue to the registered export producer only after the other export producer or registered export trader has in fact exported the products of the export producer or those in the manufacture or processing of which the former were used. The tax credit shall be issued by the Secretary of Finance upon presentation of the export documents, and shall be in lieu of refunds. It may be used to pay taxes, duties, charges and fees due to the national government in connection with its operations. A tax credit shall be non-transferable, except when such transfer is by hereditary succession or occurs by operation of law; it may be used by the person or entity to whom it is issued only for as long as it enjoys the benefits and incentives provided for in this Act; and may not be used so as to result in a refund.

- Reduced income tax.-Every registered export producer shall be entitled for the first five years from its registration, to deduct from its taxable income an amount equivalent to a portion of the total export revenue for a particular year, computed in accordance with following tax incentive formula:

Total export revenue multiplied by the product of the labor component, the domestic raw material component, and five: Provided, That (1) the total export revenue shall be F.O.B. Philippine port; and shall be the increment of its export sale over its sale for the year 1968; (2) the labor component shall be the total direct labor wage bill divided by the total production cost of the firm-the domestic raw material component shall be the difference between one unit of production and the ratio of the total value of imported raw materials and supply to the total production cost of the firm: Provided, further, That the reduction from taxable income shall not exceed one hundred per cent (100%) of its total export revenue for each particular year during the first three (3) years and fifty per cent (50%) during the succeeding two (2) years.

- Tax exemption on imported capital equipment.-Within five years from registration of the export producer, importations of machinery and equipment and spare parts shipped with such machinery and equipment shall not be subject to tariff duties and compensating tax: Provided, That, (1) said machinery, equipment and immediate component spare parts are not manufactured domestically in commercial quantity and quality or sold at reasonable prices; (2) are directly and actually needed and will be used by the registered export producer in the manufacture, processing, handling and storage of its export products; (3) are covered by shipping document in the name of the registered export producer to whom the shipment will be delivered direct by customs authorities; (4) the prior approval of the Board was obtained by the registered export producer before placing the order for the importation of such machinery, equipment and immediate component spare parts; and (5) the registered export producer chooses not to avail of the privileges granted by Republic Act Numbered Thirty-one hundred twenty-seven, as amended. In granting approval of importations under this paragraph, the Board shall require international bidding to be conducted by the end-user in Manila under its supervision; however, the Board may in its discretion, dispense with this requirement if (a) there is, to the knowledge of the Board, only one manufacturer of the machinery, equipment and spare parts to be imported, or (b) the importation is caused by the expansion of the registered export producer and such imports shall be acquired from the same manufacturer who supplied the machinery, equipment and spare parts being used by the registered export producer or (c) the total cost of importation is less than one million dollars (\$1,000,000.00). If the registered export producer does not bring into the country, the proceeds of export sales equivalent to at least the cost of the imported machinery, equipment and spare parts within five (5) years after delivery of the same to it, or if it sells, transfers, or disposes of the machinery and equipment and spare parts Imported under this paragraph without the prior approval of the Board

within the said five (5) years, the registered export producer shall pay twice the amount of exemption given it, together with the penalty and interest thereon, computed from the date of acquisition, fixed by the Tariff and Customs Code and the National Internal Revenue Code for delinquency in the payment of said duties and taxes. However, the Board shall allow and approve the sale, transfer, or disposition of the said items within the said period of five (5) years if made: (1) to another registered export producer; (2) for reasons of proven technical obsolescence; or (3) for purposes of replacement to improve or expand the operations of the registered export producer.

- Tax credit on domestic capital equipment.-A tax credit equivalent to one hundred per cent (100%) of the value of the compensating tax and customs duties that would have been paid on the machinery, equipment and spare parts had these items been imported shall be given to the registered export producer which purchases machinery, equipment and spare parts from a domestic manufacturer, and a tax credit equivalent to fifty per cent (50%) thereof shall be given to the said manufacturer: Provided, That the said machinery, equipment and spare parts are directly and actually needed and will be used by the registered export producer in the manufacture, handling and storage of its export products; that prior approval of the Board was obtained by the local manufacturer concerned; and that the sale is made within ten (10) years from the date of registration of the registered export producer. If the registered export producer sells, transfers or disposes of the machinery, equipment and spare parts without the prior approval of the Board within five (5) years from the date of acquisition thereof, the registered export producer shall pay twice the amount of the tax credit given it. However, the Board shall allow and approve the sale, transfer or disposition of the said items within the said period of live (5) years if made (1) to another registered export producer; (2) for reasons of proven technical obsolescence; or (3) for purposes of replacement to improve and/or expand the operations of the registered export producer.

The tax credits shall be issued to and may be used by the registered export producer and the domestic manufacturer as provided in paragraph (a) of this section.

- Exemption from export tax.-Exports by a registered export producer of an export product, the total F.O.B. Philippine port value of the exports of which in calendar year 1968 were less than five million dollars in United States currency but which exceed said total during a period of five (5) years from registration, shall be exempted from any export tax, including the stabilization tax imposed by Republic Act Numbered Sixty-one hundred twenty-five.

SEC. 8. Incentives to registered export traders.-A registered export trader shall be entitled (a) to the exemption from export tax provided in paragraph (e) of Section 7 of this Act; (b) to a tax credit equivalent to the amount of specific and sales taxes on the export products bought by it from registered export producers and subsequently exported; (c) for the first three (3) years from registration, to deduct from its taxable income, in addition to the normal deductions allowed by the National Internal Revenue Code, an amount equivalent to ten per cent of the increment of its total export sales over seventy-five per cent (75 %) of its total 1968 export and (d) thereafter, and until the fifth year after registration to a similar deduction based on the increment of its annual total export sales over its average annual total export sales during the preceding five years. For a period of five years after registration, an additional Suction of one per cent (1%) shall be allowed a registered export trader who extends financial assistance to a registered export producer or producers in an amount equivalent to not less than twenty per cent (20%) of the registered export trader's total export sales during the year in which the incentive is claimed.

SEC. 9. Additional incentives.-

- The Board shall grant additional incentives whenever a registered export producer establishes its processing or manufacturing plant in an area that the Board designates as necessary for the proper dispersal of industry or in an

area which the Board finds deficient in infrastructure, public utilities, and other facilities. These additional incentives shall consist of any, some or all of the following: (1) to use an amount equivalent to double its direct labor cost in applying the formula for reduced income tax provided in paragraph (b) of Section 7 of this Act; (2) to use a constant factor of six (6) instead of five (5) in applying the said formula; (3) to apply in payment of taxes that may be due from it to the National Government, an amount equivalent to one hundred per cent (100%) of necessary infrastructure works, in harmony with projects approved by law, undertaken by the registered export producer with the prior approval of the Board and the concurrence of the Department of Public Works and Communications, under the same terms and conditions set forth in Section 1 of Republic Act Numbered Fifty-two hundred seventy-nine, such as, portworks, waterworks, aircraft landing facilities, roads and bridges leading from the plant to a loading point or to a national highway or poblacion, and other similar projects that are normally undertaken by the government: Provided, That the title to all such infrastructure works shall, upon completion, be transferred to Philippine government: Provided, further, That should the registered export producer undertake necessary maintenance work on such infrastructure works with the prior approval of the Board, a similar incentive shall be given to it in an amount equivalent to the cost of such necessary maintenance.

- Whenever a registered export producer or export trader shall use a new brand name for an export product that distinguishes it from products manufactured or processed outside the Philippines, the Board shall grant the registered export producer directly exporting its product or export trader who exports the same an additional incentive in the form of either (1) a net operating loss carry-over as provided for in Section 7, paragraph (e) of Republic Act Numbered Fifty-one hundred eighty-six, known as the Investment Incentives Act; or (2) an additional deduction from taxable income equivalent to one per cent (1%) of the increment of its export sales during the year in which the incentive is claimed, determined in the manner provided in paragraphs (b) and (c) of Section 7 of this Act: Provided, That the registered export producer or export trader shall choose the time of applying for said additional incentives out of the two incentives he prefers to enjoy, and such choice shall be binding.

SEC. 10. Incentives to registered service exporters.-Every registered service exporter shall, for the first five years from registration, be entitled to deduct from its taxable income an amount equivalent to fifty percent (50%) of the increment of its total export fees during the year in which the incentive is claimed over seventy-five per cent (75%) of its total export fees in 1969; and thereafter, and until the tenth year after registration, to a similar deduction based on the increment of annual total export fees over its average annual total export fees during the preceding five years: Provided, That, to be entitled to this deduction, the registered service exporter must have remitted or repatriated to the Philippines its total export fees earned during the year in which the incentive is claimed, less reasonable costs and expenses incurred or payable in foreign currencies, under such rules and regulations as the Monetary Board may prescribe. In addition, for a period of ten years from registration, a registered service exporter who produces television or motion pictures, or musical recordings, in the Philippines, and exports the picture or recording directly or through a registered export trader shall also be entitled (a) to a tax credit equivalent to the amount of specific, compensating and sales taxes and duties paid by it on the raw materials and supplies used in producing the picture or recording that is exported; and (b) to exemption from payment of customs duties and compensating taxes on importations of equipment, machinery or spare parts shipped with such machinery and equipment that (1) are not manufactured domestically in reasonable quantity and quality or sold at reasonable prices; (2) are directly and actually needed and will be used by the registered service exporter in producing or making the pictures or recordings that it exports; (3) are covered by shipping documents in the name of the registered service exporter to whom the shipment will be delivered direct customs authorities; (4) have the approval of the Board of Investments obtained by the registered service exporter before placing the order for the importation; (5) are the subject of international bidding, under supervision of the Board,

unless the Board dispenses with this condition for any of the reasons set forth in Section 7, paragraph (c) of this Act. If the registered service exporter does not bring into the Philippines export fees equivalent to at least the cost of the imported machinery, equipment and spare parts within five (5) years after delivery of the same to it, or if it sells, or disposes of the same or any part thereof, without prior approval of the Board, within said (5) years, it shall pay twice the amount of the exemption given it, together with the penalty and interest there computed from the date of delivery, fixed by the Tariff and Customs Code and the National Internal Revenue Code for delinquency in the payment of duties and taxes. However, the Board shall allow and approve the sale transfer or disposition within the said period of five (5) years, if the registered service exporter has brought into the Philippines export fees during the period it has held the equipment which amount to twenty per cent (20%) of the cost of the equipment for each year in which it has held the equipment; and if made (1) to another registered service exporter of pictures and recordings; (2) for reasons of proven technical obsolescence; or (3) for purposes of replacement to improve or expand the operations of the registered service exporter.

SEC. 11. Export Assistance Fund.-One per cent (1%) of the total collections from the tax provided for by Republic Act Numbered Sixty-one hundred twenty-five, to be deducted from the portion allocated to the Development Bank of the Philippines, shall be set aside as an Export Assistance Fund which shall be administered by the Board and expended in pursuance of specific appropriations to be provided for in the annual General Appropriations Act to implement programs, projects and activities exclusively for the following purposes:

- Diversification of export products and export market;
- Improving existing methods of production so as to reduce the cost of export products;
- Raising the quality and level of exports and assisting in the establishment of export standards;
- Promoting effective marketing of export products abroad;
- Developing of export packaging and design;
- Establishing an Institute of Export Developing which shall conduct seminars and training course manpower in the direct production of exports, Philippine trade missions and registered service exporters, export or export traders and their personnel, and assisting cultural missions that may promote Philippine products and arts abroad; and
- Such other undertaking's as may be necessary to implement this Act and achieve its purposes: Provided, That no portion of this fund shall be utilized for travel abroad.

The Central Bank shall turn over and deliver, immediately upon collection, the portion of the tax constituting the fund to the Board.

SEC. 12. Incentives for export enterprises in foreign trade zones.-An export producer who manufactures, assembles or processes its products solely for export, an export trader, or service exporter within foreign trade zones that now or hereafter may exist by authority of law, if qualified and registered under this Act, is hereby extended the applicable benefits and incentives in this Act: Provided, That the particular products exported under a specific patent, trade mark or trade name are not manufactured, assembled, or processed by an existing licensee of such products in the Philippines.

SEC. 13. Suspension or cancellation of incentives.-Any provision of law to the contrary notwithstanding, the Board of Investments may suspend or cancel wholly or partially any export incentive granted under this Act whenever (1) there is any violation of this Act or of law for the protection of labor; or (2) whenever any action is threatened or taken by an international association or foreign nation which would nullify the and would impair or

threaten to impair the export trade of the Philippines or its relations with other nations; or (3) when the registered export enterprises paid-up capital of at least five hundred thousand pesos (P500,000.00) and earns for at least two (2) years profits from its exports of products or services in excess of thirty-three (33 1/3%) of equity even without these incentives.

SEC. 14. Issuance of implementing rules and regulations.-The Board of Investments shall issue such rules and regulations as may be necessary for the proper implementation of the provisions of this Act within sixty (60) days after its approval. For this purpose with a view to coordinating trade and industrial development, the Board may call upon other government agencies for assistance and cooperation. Such rules and regulations shall take effect thirty days after their publication in two (2) newspapers of general circulation in the Philippines.

SEC. 15. Expediting export procedure.-Subject to the approval of the President, the Board of Investments, in consultation with the National Export Coordinating Center, shall issue rules and regulations to expedite and simplify the procedure for exports of registered export producers, registered service exporters, and registered export traders, who are hereby exempted from the requirements of obtaining clearances or certificates from national or local governments or agencies for their export products imposed by existing laws, executive orders, ordinances, rules and regulations, and who shall be subject only to such requirements for clearances or certifications as may be provided in the said promulgated rules and regulations. The said rules and regulations shall take effect thirty days after publication in two (2) newspapers of general circulation in the Philippines.

SEC. 16. Suppletory effect of Investment Incentives Act.-Republic Act Numbered Fifty-one hundred eight-six, known as the Investment Incentives Act, as far applicable and not inconsistent with the provisions this Act, shall apply to enterprises registered under this Act.

SEC. 17. Enterprises registered under Republic Numbered Fifty-one hundred eighty-six.-Any corporation registered under Republic Act Numbered Fifty-one hundred eighty-six, shall continue to be governed by the provisions of said Act, but it shall have the option to under the provisions of this Act: Provided, That Refits of this Act, so far as may be applicable, be given prospective effect from the date of its registration under this Act: Provided, further, That nothing herein contained shall be construed to entitle further an enterprise to the benefits granted under Republic Act Numbered Fifty-one hundred eighty-six after its registration under this Act.

SEC. 18. Appropriations.-

- The sum of three million five hundred thousand pesos, or so much thereof as may be necessary, is hereby appropriated out of the Export Assistance Fund, to implement the programs, projects and activities to carry out the purposes authored in Section 11 of this Act during fiscal year nineteen hundred seventy-one;
- To carry out the purposes of this Act, there is hereby appropriated the sum of one million pesos for the fiscal year nineteen hundred seventy-one as supplementary to the appropriations for the Board of Investments; and
- Thereafter, the necessary appropriations shall be included in the annual General Appropriations Act.

SEC. 19. Penal provision.-Violation of any provision of this Act, or of the terms or conditions of registration, rules and regulations promulgated pursuant thereto, or the act of abetting or aiding in any manner such violation, shall be punished by a fine in the amount of not more than fifty thousand pesos (P50,000) or imprisonment for not more than three (3) years, or the discretion of the Court. If the offender is a government official, the maximum of the penalty hereinbelow prescribed shall be imposed and the offender shall suffer the additional penalty of perpetual disqualification from public office, without prejudice to any administrative action against him. Furthermore, where clear case of favoritism or abuse of discretion, the members of the Board and the Chairman shall be liable for such violation by a fine of fifty thousand pesos and imprisonment of not less than three years.

If the offense be committed by a juridical entity its president and/or other officials responsible therefor shall be subject to the penalty described above. If the official be an alien, he shall be deported after serving the sentence, without need of further proceedings for deportation. If the offender is a naturalized citizen, he shall be automatically denaturalized from the date his sentence becomes final.

Payment of the tax due after apprehension shall not constitute a valid defense in any prosecution for violation of any provision of this Act.

SEC. 20. Repealing clause.-Without prejudice to the right of any enterprise which, at the time of the effectivity of this Act, has been registered under Republic Act Numbered Fifty-one hundred eighty-six, known the Investment Incentives Act, to be governed under the provisions of that Act, as provided in Section 16 hereof, or any other right acquired prior to the effectivity of this Act, Section 9 of Republic Act Numbered Fifty-one hundred eighty-six and those portions of Sections 18 and 20 that make reference to exports are hereby repealed, and all Acts, executive orders, administrative orders, rules a regulations or parts thereof inconsistent with the, visions of this Act are likewise repealed or modified accordingly.

SEC. 21. Separability clause.-The provisions of this Act are hereby declared to be separable, and in event one or more of such provisions are held unconstitutional, the validity of other provisions shall not be affected.

SEC. 22. Effectivity.-This Act shall take effect its approval.

Approved, August 31, 1970.

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